



PLANNING

RURAL DIVERSIFICATION





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Development Department

RURAL DIVERSIFICATION

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PLANNING ADVICE NOTE
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The Planning System and Rural Diversification



Indoor ice climbing at the Ice Factor, Kinlochleven

1. The Scottish Ministers are committed to supporting rural life, rural communities and the rural economy. This includes promoting sustainable development in rural areas. SPP 15: Planning for Rural Development describes how the planning system plays an important role in achieving these aims and sets out a vision for a more confident, forward looking and diverse rural Scotland.

2. There are different interpretations of rural diversification and of planning authorities' roles in achieving it. This Planning Advice Note (PAN) will assist all those involved in rural diversification projects. It draws on recent research as well as existing initiatives, policies and best practice, across Scotland, the UK and further afield to highlight how the planning system can assist in rural diversification by:

- promoting diversification through development plans;
- giving sound and helpful advice;
- encouraging sustainable diversification;
- addressing issues of accessibility, infrastructure, scale and design; and
- recognising individual circumstances.

Policy Framework

3. The National Planning Framework stresses that the future of rural Scotland lies in economic diversification allied to a strong commitment to environmental stewardship. SPP 15: Planning for Rural Development acknowledges the changing economic structure of Scotland's rural areas and encourages planning authorities to support a wide range of economic activity. It recognises that the planning system can support and encourage diversification in ways that benefit the economy, communities and the natural and cultural environment; and at the same time ensure good development on the ground. SPP2: Economic Development, SPP3: Planning for Housing, SPP17: Transport Planning and NPPG 14: Natural Heritage are also of particular relevance to rural diversification.



Pub and shop, Drymen

4. The Scottish Ministers are committed to maintaining strong, prosperous and growing communities in rural Scotland. *Rural Scotland: A New Approach* identifies four priority areas for action:

- supporting rural economic development;
- providing opportunity;
- improving access to high quality services; and
- sustaining and making the most of our natural and cultural heritage.

5. *'A Smart, Successful Scotland'* and *'A Smart, Successful Scotland: The Highlands and Islands Dimension'* identify the Enterprise Networks' key role in delivering rural economic development. Planning can facilitate integrated rural development and contribute to these strategies by encouraging rural businesses and promoting partnership. *'A Forward Strategy for Scottish Agriculture'* outlines a strategy for Scottish agriculture where farming and crofting are an integral part of rural development. The Scottish forestry strategy, *'Forests for Scotland'*, highlights the economic potential of a diverse forestry resource and seeks to ensure that communities benefit from woods and forests. Agriculture and forestry are closely linked with other rural businesses and help to maintain the prosperity of our rural communities whilst at the same time helping to protect and enhance the environment. The Scottish Executive is committed to helping farming businesses to adapt and diversify.



Johnson's Seafarms Grading Systems, Vidlin, Shetland

6. All of these reports recognise the diversity of rural Scotland and the differing needs of rural communities across the country. A sensitive and flexible approach is required to respond to each community's particular circumstances. The planning system has an important part to play in realising the vision of a diverse rural Scotland.



SPP15

"Rural Scotland needs to become more confident and forward looking both accepting change and benefiting from it ... the countryside should be able to absorb more people content to live and able to work there."

Defining Rural

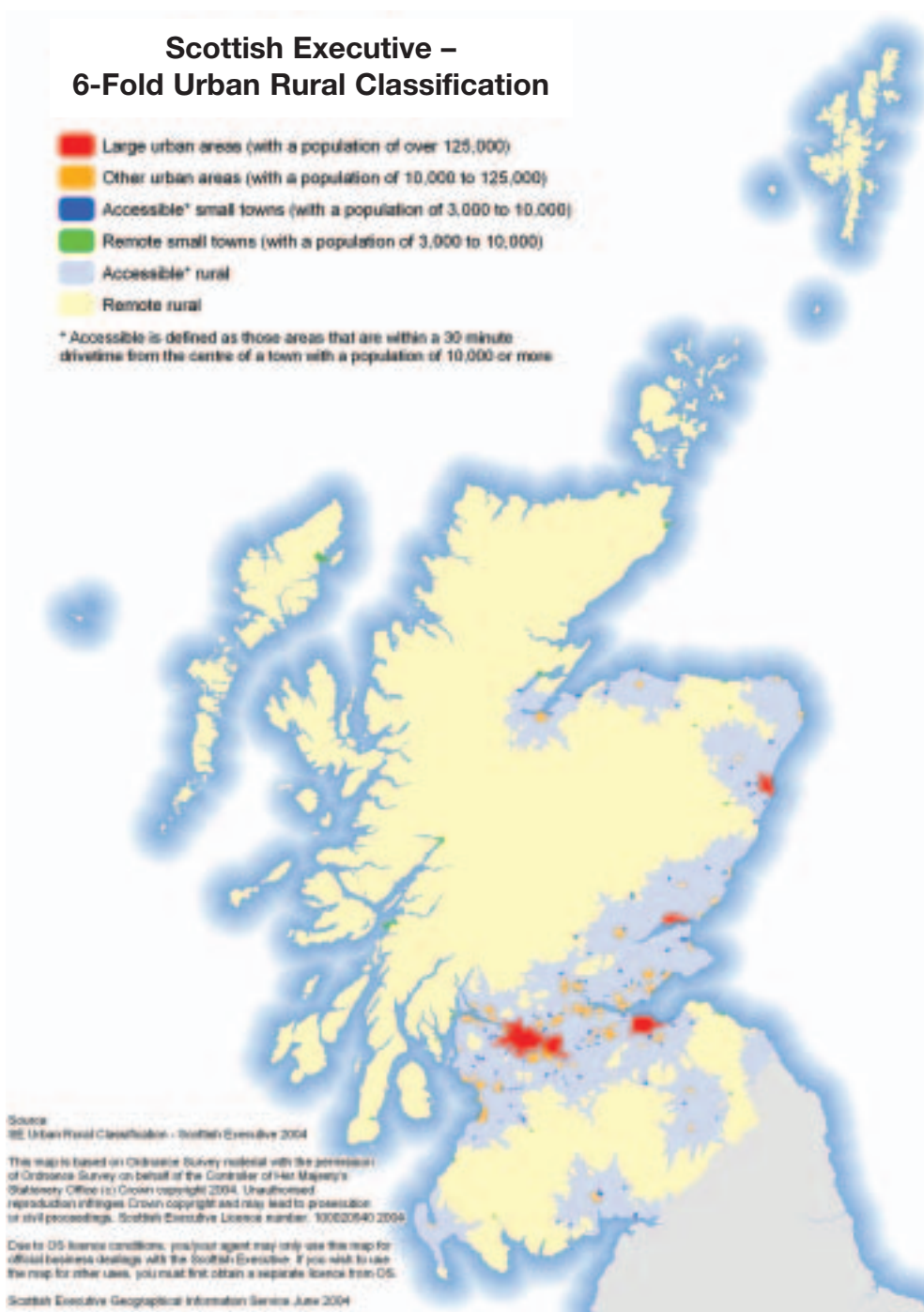
7. The Scottish Executive defines rural Scotland as the countryside, and settlements of 3,000 population or less. Under this core definition, rural Scotland accounts for 98% of the Scottish landmass and 19% of the population (approximately 1 million people). The main focus of this PAN is on those areas that fall within this core definition, but this definition of rural Scotland should not be applied too strictly. Many settlements with a population greater than 3,000 people experience aspects of rurality. Urban fringes can have an intensely rural character, and the economic activities of urban and rural areas are strongly connected.



Farming, Highland

8. Rural Scotland cannot be considered as a single entity. The character of rural areas and the challenges they face varies greatly across the country: from remote and sparsely populated regions to pressurised areas of green belt, from areas that are thriving and prosperous to others facing economic difficulties. Different policy approaches, using different typologies, are required in different areas.

9. This PAN will be most useful for those involved with development and diversification projects in the countryside, in and around villages and small towns, but the advice will also have relevance in urban hinterlands and green belts. Some of the examples will be more relevant to one rural area than another and will be applied in different ways depending on local circumstances. Nevertheless, this PAN will be of broad interest to all those concerned with planning and the diversification of the rural economy.



Defining Diversification

Rural Diversity

10. Scotland is a diverse country. Its varied landscapes and rich bio-diversity are highly valued. A rich heritage and strong cultural diversity is reflected in its communities, communities that continually change and grow. The built environment of rural areas is equally diverse. Land is owned and managed by many different people and organisations: crofters, farmers, foresters, estate owners, private companies, public bodies, Government agencies and non-Government organisations, local authorities and the communities themselves. Materials and built forms differ across the country and help give areas their distinctiveness, identity and sense of place. Settlement patterns can vary greatly from small fishing and mining villages to large county towns. Against this backdrop are the many different people who live and work in, or visit, our rural areas and contribute to their vitality. There is a lot happening in our countryside, villages and small towns, with an increasingly wide range of activities supporting businesses of many descriptions. It is this diverse economic activity of rural Scotland that is the focus of this Planning Advice Note.



Hutton Stone's Swinton Quarry, West Fishwick

Rural Diversification

11. In its simplest terms rural diversification means the establishment of new enterprises in rural locations. This can mean existing businesses entering into new areas of activity or the creation of entirely new enterprises. With more people enjoying access to the countryside rural Scotland has nurtured a growing tourism and leisure sector, but widespread access to rural areas has also meant that many people can now choose to live in the countryside but continue to work in urban centres. Developments in information and communications technology mean that activities previously requiring a city office can now be done almost anywhere and many people are choosing to both live and work in our rural areas. Rural diversification helps to broaden the economic activity of rural areas, providing opportunity and creating a more balanced and stable economy.

Farm Diversification

12. In the midst of these changes we should not lose sight of the intrinsic rural character that makes our countryside attractive to live and work in. Traditional sectors like farming and forestry are essential in retaining this rural character but these are changing too. Agricultural diversification has meant farmers concentrating on new areas of agriculture, growing alternative crops, rearing new breeds and turning to organic farming. Farm diversification has involved

farming families adapting even further and turning their skills to new businesses secondary to the main farm business. These enterprises may be an extension of the existing farm business but equally the new activity can be unrelated to agriculture. Some have been so successful in these new enterprises that farming is now their secondary activity. Farm diversification is therefore an integral part of wider rural diversification that enables farmers and their families to continue the farming activity while providing jobs and income for others in the community.

The Diversity of the Rural Economy

13. There are many activities that make a valuable contribution to the rural economy that are less immediately obvious such as large scale industrial activities like quarrying and waste disposal, hydro-electric schemes and wind turbines, as well as light industrial activities such as repair shops and machinists. In addition to this are all the normal services and facilities that communities need to function – shops, medical centres, petrol stations, community facilities, hairdressers, accountants; the list is endless. The fact is that, although they may sometimes take a different form or be delivered in unique ways, nearly all of the businesses and services we find in urban areas can be found to some extent in rural areas. When planned well, all of these activities can contribute to the diversity of rural Scotland.



Peel Farm shop, Lintrathen



Scapa Scuba, lifeboat house, Stromness

'Agricultural Unit' means land which is occupied as a unit for agricultural purposes, including any dwelling house or other building occupied by the same person for the purpose of farming the land. *Town and Country Planning (Scotland) Act 1997 Chapter 8 PART V, 122. – (1)*

The Scottish Executive Environment and Rural Affairs Department issue all agricultural units with an Agricultural Code Number.

How Planning can Support Rural Diversification

14. Successful diversification means supporting existing businesses and traditional activities whilst embracing innovation, new activities and new business ideas. Affording people the opportunity to continue to work in rural areas helps them stay connected with their communities rather than become detached. Welcoming new people to our countryside helps maintain its vitality. Planning can respond positively to these demands of diversification and assist in ensuring that the vitality and vibrancy of our rural areas is maintained.



Helen Denerly, Sculptor, Strathdon

15. There are a number of ways in which planning can assist those in rural communities who want to start new businesses or develop their existing business. Planners can support rural diversification by:

- **promoting diversification through development plans.** Plans should contain positive policies that encourage rural diversification and are appropriate to the rural areas they apply to. They should also identify sites that offer a choice of size, location and environmental amenity, in order to meet the varying demands of businesses and allow them to be located in the most suitable and sustainable locations. Development plans should also reflect the aspirations of the communities in their area;
- **giving sound and helpful advice.** Planners should respond positively to proposals that promote diversification. As well as being able to give planning advice, planners are well placed to highlight other sources of advice and draw attention to schemes that can be of support. Identifying issues early and resolving any problems helps keep delays to a minimum. It is also important to be clear about real constraints, and negotiating between conflicting interests will often be necessary;
- **encouraging sustainable diversification.** Rural diversification can attract new people into declining communities and help local economies to grow. It can also reduce commuting, help to protect existing environmental and heritage assets, bring brownfield sites back into use and help to deliver environmental enhancements. Sustainable diversification may involve new housing. It is important for planners to consider the economic and social, as well as environmental, implications for sustainability;
- **addressing issues of accessibility, infrastructure, scale and design.** Infrastructure issues relating to access, public transport, water supply, drainage or ICT provision, are frequently to the fore in rural areas. Environmental sensitivities also need to be considered and there can be difficult issues about the design quality of new build or the re-use of old buildings. At the same time, diversification provides opportunities to promote good design, enhance the environment and rural landscape, release the potential of our heritage and realise community benefits and infrastructure improvements; and
- **recognising individual circumstances.** One size does not fit all and a flexible approach is often required to help businesses realise their opportunities. It is important to take into account the particular needs or special circumstances of a business and be realistic about the resources available to them.



Emtelle UK Ltd, Fibre-optic Research Centre, Hawick

Promoting Diversification through Development Plans

16. SPP 15: Planning for Rural Development stresses that development plans should acknowledge the diversity of rural Scotland through clear visions, use of typologies and evidence based policies. It also recognises the valuable role of public involvement and the need to create links with community planning.



Perth and Kinross Structure Plan, Sustainable Economy Policy 3
Support will be given to measures which promote an integrated flexible and innovative approach to rural development which encompass economic, social and environmental considerations and which:

- *maintain and enhance local employment opportunities;*
- *promote diversification;*
- *help sustain viable rural communities and services; and*
- *introduce new technologies to rural areas.*

Positive Policies

17. Development Plans can support diversification by providing a vision that encourages economic activity in our rural areas and by developing policies that are positive towards new businesses. The considerations against which the planning authority will assess diversification projects should be clearly set out. Different types of rural area will require different policy responses.

Identifying Sites

18. The needs and requirements of businesses can vary greatly and it is therefore important that Development Plans identify a wide range of sites. As highlighted throughout this PAN, sites should have existing or easily available infrastructure provision, generate sustainable traffic patterns, be sensitive in terms of natural and cultural heritage,

encourage the use of brownfield, allow businesses to build on existing clusters and networks, and be deliverable within reasonable time-scales.

Community Involvement

19. It is important that development plans reflect the aspirations of the communities in their area and have strong links to community planning. Delivering diversification also requires the co-operation and support of landowners, developers, businesses and many other stakeholders whose views need to be married with the desires of local communities. In a rural area, the expansion or creation of new businesses can have profound effects and planners should therefore highlight the benefits of public involvement to new businesses.

Case Study 1: Rural Activity Areas in Stirling

The Stirling Clackmannanshire Structure Plan recognises that rural diversification is a priority in sustaining rural communities. It also realises the importance of providing new sites for existing business to expand and for the creation of new employment opportunities. An alteration to the local plan therefore identifies 'Rural Activity Areas' in Killearn, Doune and Callander. The sites chosen are close to proposed centres of housing growth and relate well to road links and rural bus routes. Supplementary development guidance has been prepared for each activity area setting out clear site objectives, identifying developable areas, establishing preferred primary uses and providing detail relating to design, landscaping, access, drainage and other infrastructure considerations.

Case Study 2: Listening to Communities around Loch Lomond

The Community Futures programme for the Loch Lomond and Trossachs National Park area has supported 24 rural communities in the preparation of local community action plans. These plans are used by communities to influence and contribute to public agency plans and programmes and assist in raising funding for priority projects and actions. The plans are being used to develop the National Park Plan from the bottom up. Each of the plans sets out how the community can support the development of the local economy.

To assist in the preparation of the plans the National Park has supported communities with the following resources:

- a part-time local Community Agent;
- technical support provided by the Small Town and Rural Development Group;
- Programme Manager support;
- administration grant; and
- production and distribution costs of Action Plan documents.

Each household in a community receives a copy of the final Community Action Plan.

For more information see: www.lochlomond-trossachs.org



Giving Sound and Helpful Advice

20. It is important that planners are able to give clear advice on the planning process and planning issues relating to a proposal. This advice will normally be informed by published guidance, whether in the form of the development plan or the Council's own supplementary planning advice. Professional support and sound advice from the outset, especially at the pre-application stage, can save considerable amounts of time and is likely to improve the prospects of any fledgling business. Embarking on a new enterprise can be daunting and helpful, sensitive, informed advice will usually be welcomed.



Getting business advice at Ettrick Riverside

21. Some applicants have considerable experience, or have already received a wealth of advice, and as a consequence approach planning with clear and informed proposals. However, some new businesses are unaware of the wide range of support that is available to them and may not have fully considered every aspect of their new enterprise. Planners often encounter similar proposals that share the same difficulties and should therefore be able to identify premature or poorly thought out proposals and advise accordingly. Frequent communication with agencies, community groups, and other organisations also means planners are well placed to act as a signpost to other sources of advice, schemes and funding. It should be borne in mind that financial assistance often rests on securing planning permission first.

22. In summary, planners should:

- be able to give advice on planning issues relating to rural diversification;
- produce planning guidance and information appropriate to their local area;
- establish when businesses require additional advice
- be aware of other available sources of advice; and
- keep abreast of initiatives and programmes in their area.

23. There are many sources of advice relevant to rural diversification available to both planner and applicant. Details of useful contacts and references can be found at the end of this PAN.

Case Study 3: Planning for Healthier Rural Economies – bringing together planners and economic development professions

The Countryside Agency has been involved in a range of activities to help increase and extend understanding between planners, economic development professionals and advisors to small businesses. In partnership with Planning Aid, the voluntary part of the Royal Town Planning Institute, two seminars were held and representatives of small rural enterprises, business advisors, planners and local economic development officers were all involved in presentations and workshops to explore the planning-related needs of non-agricultural rural enterprises and their business development requirements.

The seminars have informed the contents of a loose-leaf resource pack that will provide guidance and advice for those assisting rural businesses and economies. Feedback from these events has confirmed that the process itself has been valuable in breaking down barriers between planners, economic development officers and business advisors, through bringing them together, engendering a greater understanding of needs and constraints of rural economies and a realisation of how sustainable growth can be achieved.



Encouraging Sustainable Diversification

24. Rural diversification helps make our rural areas more sustainable. It allows individuals to continue to live in rural areas, close to their places of work, without needing to commute to towns or cities. In some cases businesses can be brought closer to their suppliers and markets. Successful diversification also attracts new skills and new people to rural areas benefiting existing businesses and helping to retain essential services, sustaining local communities and maintaining their quality of life. In fragile areas this influx of new businesses and new people may make the difference between decline and growth. As well as supporting the rural economy, diversification can help bring brownfield sites or otherwise redundant buildings back into use, and deliver environmental enhancements or much needed community benefits.

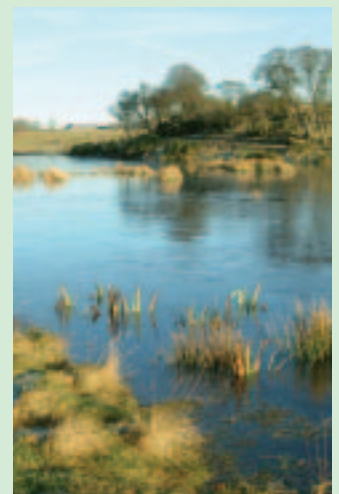


Community Renewable Energy, Unst, Shetland

25. However, rural diversification can also raise fundamental questions. The siting of businesses in rural areas, particularly in the open countryside, can encourage unsustainable traffic generation or commuting patterns. There may be impacts on an area's natural or cultural heritage or other environmental factors to consider. There are also conflicting views about the role of housing in relation to diversification. Question marks can surround a business' economic viability or longevity. An apparently successful business could potentially have an adverse impact on a nearby village or town.

26. Planners will be mindful of these sustainability issues in the preparation of plans or when considering a planning application, but applying these matters of principle to individual circumstances requires careful consideration of all the economic and social, as well as environmental, factors.

Case Study 4: Cream O' Galloway: Recreation, Habitat Creation and Ice Cream



In 1993 the Finlays applied for planning permission to convert a disused farm building at Rainton Farm near Gatehouse of Fleet. The Cream O' Galloway Dairy Company began making ice cream in 1994 and now supplies ice cream to major supermarkets and stores throughout the UK. Visitor facilities have been developed and environmental improvements undertaken. The farm now attracts 60,000 visitors a year and in 2003 received a Thistle Award for excellence and quality in their work with tourism and the environment.

Rainton Farm is on the edge of a National Scenic Area and consideration of visual impacts was to the fore as the farm expanded its processing facility to accommodate offices, storage and distribution areas. The new premises are sympathetic to their surroundings but also designed to meet stringent environmental health and fire regulations. Several alterations to the original design were required to ensure that farm activities, ice cream production and visitor attractions were physically separated from each other.

Rainton Farm has undertaken an environmental audit and is committed to a programme of actions to improve the biodiversity of the farm over the coming years. Through habitat creation and conservation they aim to increase numbers of rare species on the farm such as red squirrel, otter and water vole, and attract other species that are key targets in the Dumfries and Galloway Local Biodiversity Action Plan. With assistance from SNH and the Forestry Commission 30,000 native trees have already been planted and 50 acres of farmland converted into amenity woodland. In addition, two large ponds have been created to provide valuable habitat for aquatic wildlife. Four miles of nature trails have been laid which help to raise awareness of the wider environment whilst at the same time offering an enjoyable visitor experience.

Housing and Diversification

27. House-building, in itself, is not diversification but there are circumstances where, in relation to a business, new housing may be acceptable as a complementary part of a development. It should also be recognised that new housing in rural areas can play an important part in wider economic regeneration and environmental renewal especially in remote areas. The provision of appropriately located, well designed homes, suitable for a range of incomes can help to stem depopulation, keep young

people and skills in the area and help to attract new people and entrepreneurs.

28. Occasionally, new housing is proposed as a mechanism to cross-fund a business proposal. In some instances, after considering the proposal against planning policies, this may be acceptable. Where such housing is proposed it should still be located in sustainable locations. The housing need not be on the same site and it may be possible to direct new housing to existing settlements.

Case Study 5: New Housing at Netherton Delivers New Businesses

Previously disused steadings on the Fetternear Estate are now home to the Netherton business centre and 45 new jobs. This development near Kemnay in Aberdeenshire occurred in three phases providing 19 business units for companies involved in activities ranging from geophysical surveying to document scanning.

The first phase of development involved the conversion of a listed barn but was also accompanied by the construction of three houses. These new-build houses, on a separate site, provided essential cross funding for road infrastructure and drainage improvements and were necessary to deliver two further phases of steading conversions. In turn, the business presence at Netherton has been instrumental in accelerating the introduction of broadband services to the village of Kemnay.



29. Both SPP3 and SPP15 recognise that conversions which allow buildings to be retained contribute to local character and provide distinctive assets to the local environment. Proposals that involve both residential and business uses should be considered sympathetically where they involve sensitive re-use, conversion or rehabilitation of buildings that can be accessed safely and readily serviced. Limited new build along with converted or rehabilitated buildings may be acceptable where it results in a cohesive grouping well related to its landscape setting. It is also important to consider whether the proposed business use is compatible with the residential element (for example if it generates noise or smells). Housing proposals that displace an existing economic use will also require particular scrutiny.

30. Home-working is becoming more and more common, and provided it does not employ more than one member of the household and does not use more than one room it will not normally require planning permission. Home-working should be encouraged and associated small scale development will sometimes be required. Suitable sites for home-work units can be identified through development plans.

31. In some instances new housing is justified because of the economic benefits of a combined business element. Such proposals will be considered against normal planning policies and in particular the SPPs for housing, economic development and planning for rural development. Where the economic benefit of the proposal becomes a determining issue it can be useful to ask the following questions:

- Has adequate supporting information, such as a business plan, been provided to establish that the proposal is genuine and viable?
- Is there demand for what is proposed and will the development bring needed skills or services to the area?
- Will the business encourage healthy competition or is it likely to displace existing businesses?
- Does the business proposed have the support of and reflect the aspirations of the local community?

32. New housing is sometimes provided by businesses as worker accommodation. The provision of 'tied' housing for agricultural workers has long been recognised, but worker accommodation attached to other businesses may be equally as justified, for example for hotel workers. The use of occupancy conditions may be appropriate.

Case Study 6: Isle of Eriska Hotel, Argyll & Bute



Beautiful surroundings and a sense of isolation have contributed to the Isle of Eriska Hotel's success but they also posed challenges for the expansion of the hotel. The Hotel sits on its own island in the middle of Loch Creran, a candidate Special Area of Conservation (SAC), and also in the heart of the Lynn of Lorn National Scenic Area.

In the last 10 years the hotel has developed a swimming pool and spa facility, a 9-hole golf course and new guest apartments. Maintaining close contact with SNH has ensured that the new facilities are sympathetic to the surrounding landscape, habitats and species. Development of the golf course was accompanied by an environmental audit, which has informed a grounds management regime. The swimming pool is not chlorinated but instead treated by ozone and discharges are carefully controlled and monitored.

The relative remoteness of the island had often made finding local affordable accommodation for staff difficult, and as a consequence the hotel has provided purpose-built staff housing. The expanded facilities have enabled the hotel to respond to changes in the tourism market and remain open all year round. Staying open over the winter season has made it easier to retain staff and the hotel now employs 45 people, 20 more than 10 years ago.

Rural Brownfield

33. Development Plan policies should encourage rehabilitation of brownfield sites in rural areas and in appropriate locations allow for their re-development. Brownfield sites are broadly defined as sites that have previously been developed. In rural areas this usually means sites that are occupied by redundant or unused buildings or where the land has been significantly degraded by a former activity.



Brownfield Site, Ballinluig

Case Study 7: The Ice Factor at Kinlochleven



In 1994, after 90 years of operation, Alcan Smelting and Power (UK) Ltd announced that they would be closing their outdated aluminium smelter in Kinlochleven. A 10-point enhancement strategy was prepared and the Kinlochleven Land Development Trust in partnership with the Highlands and Islands Network, Highland Council and the local community spearheaded a £12 million programme of investment in the area. An area of 1.5ha was cleared and comprehensively decontaminated by Alcan. Land transfers handed a number of sites over to the development trust on a long lease. Following remediation works, the smelter's category B-listed carbon bunkers and laboratory were structurally restored. Four new business units were constructed and the laboratory was converted into a bunkhouse. In June 1999 planning permission was granted to convert one of the carbon bunkers into a microbrewery.

It was always envisaged that the smelter building could house an outdoor activities centre and December 2003 saw the opening of the Ice Factor (Ionad Sreip Lochabair) the biggest indoor ice climbing facility in the UK. In addition to ice climbing the facility contains a host of regular climbing walls, a bouldering area, changing facilities, sauna and steam rooms, a specialist outdoor equipment shop and a cafeteria and restaurant. The main hall is capable of hosting lectures and is used as a teaching facility for climbing and medical courses. The Ice factor is recognised by the Mountaineering Council for Scotland as both a regional and national centre, employs 29 people, and had over 30,000 visitors in its first six months.

Redevelopment of the smelter site was accompanied by built and natural heritage audits, which in turn have informed a range of environmental improvements in the area. As part of the wider enhancement strategy for the regeneration of Kinlochleven, over 8 kms of the path network have been improved and townscape improvements have provided new amenity areas, additional parking and new stone walls for houses.